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The Economic Crisis: Part II — THE EDITORS

Chile — M. CHOSSUDOVSKY

Africa — A. NWAFOR

Hungary — AN OBSERVER

Bukharinism and Trotskyism: A Review — TAMARA DEUTSCHER

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Europe: R. Handyside, 21 Theobalds Road, London WCIX 8SL.
Telephone: 01-242-3501.
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EDITORS: Paul M. Sweezy Harry Magdoff Leo Huberman (1903-1968)
ASSOCIATE EDITOR: Bobbye Ortiz

NOTES FROM THE EDITORS

The *New York Times* carries a daily column under the general heading "Advertising." The topic in a recent (February 24) issue was titled "Book Companies Turning to TV," which didn't seem to promise much of interest to an impecunious publisher like MR Press. This turned out not to be the case, however. The story begins: "Whether it comes from publicity or a contented reader, the best kind of book advertising is word-of-mouth advertising, according to Richard X. O'Connor, ad director of Walden Books, a retailer chain." Now *that,* coming from an expert in the book-promotion field, is very definitely of interest to us, and we hasten to pass it along to you who are in a position to use the information. We can't afford TV commercials, but there is probably no publishing house in the country which, relative to its size, can count on as solid reader support as MR Press. Let's make the most of it.

What holds for books presumably also holds for magazines. Since we have been doing literally no promotion for MR itself in the last year, the fact that subscriptions have been rising at a rate of around one percent per month suggests that readers have been spreading the word that the magazine has a lot to offer, especially in times like these. This is most gratifying, and we both thank you and urge you to increase your word-of-mouth promotional effort. Make a point to find out if people you

(*Continued on inside back cover*)

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THE ECONOMIC CRISIS IN HISTORICAL PERSPECTIVE—PART II

In last month's Review of the Month we argued that U.S. capitalism has once again, as in the 1930s, entered a period of persistent and prolonged stagnation. At the same time we expressed agreement with those who, while recognizing that many big banks and corporations are in very shaky condition, doubt that this time it will come to a 1933-type panic. The expectation of prompt government intervention—through some combination of debt moratoriums and emergency bail-outs—seems well founded. As *Business Week* wrote in its issue of January 27th under the heading, "When Companies Get Too Big To Fail": "The huge U.S. corporations have become such important centers of jobs and incomes that it [the government] dare not let one of them shut down or go out of business. It is compelled, therefore, to shape national policy in terms of protecting the great corporations instead of letting the economy make deflationary adjustments."

If we accept this premise, the question which we ought to try to answer is not *whether* the government will intervene

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to prevent a panic but what will happen *after* it is forced to intervene. What policies are being discussed in ruling-class circles? How realistic are they? What are their implications for other sectors of society, and particularly the working class? It is to questions such as these that we now turn our attention.

There is a strong tendency among capitalists and their spokesmen to see all of their troubles as stemming from an insufficiency of surplus value. Profit (one of the components of surplus value) provides the incentive to invest, and the totality of surplus value constitutes the pool from which the capital for additional investment is drawn. Since capitalist prosperity is dependent on a high rate of investment, it seems to follow that what is needed to get the system out of a slump is above all an increase in the amount of surplus value flowing into the pockets of capitalists and other recipients of income derived from surplus value. This will provide, so the argument runs, both the incentive and the wherewithal to increase the rate of investment. The policy implications of this diagnosis are of course obvious: squeeze workers and consumers generally in favor of the corporations and the wealthy. A fairly typical example of this kind of reasoning is contained in *Business Week*'s special supplement on "The Debt Economy" in its issue of last October 12th:

> It is inevitable that the U.S. economy will grow more slowly than it has [an implicit recognition of the new period of stagnation]. . . . Some people will obviously have to do with less. . . . Indeed, cities and states, the home mortgage market, small business, and the consumer, will all get less than they want because the basic health of the U.S. is based on the basic health of its corporations and banks: the biggest borrowers and the biggest lenders. . . .
>
> Put simplistically, as long as corporations stay healthy, they can pay taxes and provide people with jobs. . . . But when corporations fall sick, people lose jobs and stop buying. Nobody pays taxes, governments and local authorities are not financed, and everyone—corporations, consumers, federal and local administrations alike—goes broke or gets embedded more deeply in the debt spiral. . . .
>
> Yet it will be a hard pill for many Americans to swallow—the idea of doing with less so that big business can have more. It will be particularly hard to swallow because it is quite obvious

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that if big business and big banks are the most visible victims of what ails the Debt Economy, they are also in large measure the cause of it. . . .

Nothing that this nation, or any other nation, has done in modern history compares in difficulty with the selling job that must now be done to make people accept the new reality. And there are grave doubts whether the job can be done at all. Historian Arnold Toynbee, filled with years and compassion, laments that democracy will be unable to cope with approaching economic problems—and that totalitarianism will take its place.

This is remarkably reminiscent of the remedy prescribed for the German people by its ruling class in 1933. A brutal fascist regime was imposed on the country; all opposition groups, especially those of the working class, were smashed; wages were frozen; and wealth was redistributed in favor of the corporations and the rich. But there was one more essential ingredient of the Nazi success in pulling Germany out of the depression of the 1930s, and that was the enormous expenditures on war preparations which increased employment and stimulated investment both directly and indirectly.

Our analysis of the present situation, put forth in this space last month, leads to the conclusion that some comparable stimulus would be needed to push the U.S. economy onto a sustained upward course in the 1970s.* Without it, a policy aimed at raising the rate of surplus value might have little effect and indeed might make matters worse, since it would reduce consumption without holding out the prospect of the expanded markets which alone could justify an increase in capitalists' investment. Whether the editors of *Business Week* and those who think like them are aware that the policy they recommend (most people "doing with less so that big business

* This is of course not meant to imply that there will be no *cyclical* upturn in the visible future. As pointed out last month, the business cycle continues to operate whether the economy is buoyant or stagnant. Those who believe that the present recession/depression will "bottom out" by the end of 1975 and give way to an up phase of the cycle may therefore be right. But the fact that, at this writing, latest reports on inventories show them to be still rising (because sales are falling faster than production) would seem to suggest that it is not very likely the present slide will come to so early an end.

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can have more") requires to be supplemented by applying a powerful stimulus to the economy is not clear. Our guess would be that they lack such awareness: conservative economic analysts always have a tendency to believe that the problem of markets will take care of itself (perhaps with a little help from monetary policy) if only workers can be put in their place. Since, as the whole history of capitalism shows, this is emphatically not the case, it follows that the policy proposals of conservatives are neither very interesting nor likely to be long persisted in if actually put into practice.*

Less doctrinaire bourgeois analysts, while not disagreeing about the importance of expanding the flow of surplus value, recognize that the present critical, and rapidly worsening, state of the economy calls for a far more comprehensive program. In this connection attention has recently centered on a proposal, emanating from various sources, to revive the Reconstruction Finance Corporation which was created in 1932, the last year of the Hoover administration, and liquidated in 1953 under Eisenhower.** The RFC was itself a revival of the War Finance

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* The cases of Nixon and Ford are instructive in this connection. Both came out of the conservative wing of the Republican Party; each wanted to run his administration in accordance with the time-honored principles of Republican orthodoxy. But Nixon devalued the dollar, introduced price and wage controls, and became a "Keynesian" in matters of fiscal policy. Ford started out as a budget-balancer but soon changed his tune as the economy sank lower, and most recently has proposed a budget with the largest peace-time deficit in history. Both men became suspect to the true believers in their own party. It is of course not that either Nixon or Ford developed, or even tried to develop, an economic policy on any principles other than traditional conservatism; it is only that any attempt to practice traditional conservatism quickly results in fiasco.

** The proposal is not new, having been put forward by the chairmen of the Senate and House Banking Committees (Senator Sparkman and Representative Patman) as long ago as 1970 in the wake of the Penn Central bankruptcy and the near-panic it touched off. More recently a number of other Democratic leaders, including Senate Majority Leader Mike Mansfield, have endorsed the idea, and it was formally included in the program adopted at the Democrats' so-called mini-convention at Kansas City in early December. Among business leaders who have backed a revived RFC, in addition to Felix Rohatyn whose contribution is analyzed below, perhaps the most prominent is Alfred Hayes, president of the Federal Reserve Bank of New York.

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Corporation established during the First World War to help finance munitions plants, a function which the RFC itself also performed during the Second World War. By far the most interesting and detailed blueprint for a new RFC which has come to our attention is contained in a lead article in the financial section of the Sunday *New York Times* of December 1, 1974, by Felix G. Rohatyn ("A New RFC Is Proposed for Business"). Rohatyn is an Austrian-born partner in the international investment banking firm of Lazard Frères, a director of several large corporations (including ITT), and reportedly a very shrewd operator in the politically sensitive field of corporate mergers. Inquiries directed to sources knowledgeable in Wall Street affairs have elicited the information that he is a registered Democrat and an adviser to Senator Henry Jackson of Washington, one of the front runners for the Democratic presidential nomination in 1976. Obviously he is a man whose pronouncements on economic policy should be taken seriously.

Rohatyn makes clear at the outset that he is interested in a revived RFC not merely as a salvage operation for financially troubled corporations but as a centerpiece for a much more far-reaching economic program. "If the RFC is to be recreated," he writes, "let it become a vital instrument of economic growth and not just another lender of last resort." What this means first and foremost is that the new RFC should have the power and the financial means (to be raised through the sale of government guaranteed bonds and notes) to provide large amounts of corporate equity, i.e., to buy freshly issued stock of corporations. The purpose would be threefold: first, to halt and reverse the trend so marked in recent years for corporate debt/equity ratios to deteriorate, with a consequent impairment of credit-worthiness and decline in stock prices (Rohatyn points out that in the last decade debt/equity ratios have risen from 25 percent to 40 percent); second, through such strengthening of corporate capital structures to enable the companies themselves to raise more money through sale of stocks rather than bonds; and third, to provide corporations with the wherewithal to undertake large projects needed for the viability of the capitalist system as a whole but insufficiently profitable to attract private investors. Rohatyn does not spell all this out in

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any detail, but he gives enough examples to indicate not only the sort of thing he has in mind but also some of the orders of magnitude which might be involved.

"The Big Board [i.e., the New York Stock Exchange] has recently estimated," he writes, "that the equity requirements of American industry for the foreseeable future could approximate $50 billion a year. It would appear that 1974 will produce only about $5 billion." If the revived RFC is supposed, directly and indirectly, to enable U.S. corporations to sell $40 billion or more annually in new stock issues, it is indeed being conceived of as a very major new component of U.S. capitalism.

But this is not the only function to be assigned to the new RFC:

> In addition to being an investor of last resort empowered to make equity infusions into banks or industrial enterprises deemed to be "in the public interest," the RFC could become a catalyst of stimulation in many areas. If a Manhattan-type project in the area of energy is ever undertaken, as is clearly required, the RFC could play a major role as an investor, risk-sharer, lender, and guarantor in a variety of projects. Although state regulated concerns such as utilities should perhaps not be eligible investments, the financing of massive generating facilities, the output of which could be shared by various grids, could be considered. Construction of over $20 billion worth of generating capacity has been canceled so far this year [1974], its effect to be felt years from now.

Furthermore, the RFC could step into messy situations which private enterprise has been incapable of straightening out —in Rohatyn's words, it "could facilitate major restructuring for the public purpose":

> For instance, if a merger of Pan American World Airways and Trans World Airlines appears to be nationally desirable, a $250-million equity investment in the merged company could accomplish much. It could cause the lenders of both corporations to convert some of their debt to equity, or reduce carrying charges, or stretch out maturities. It could ensure the merged company's ability to ride through the storm, achieve its savings and efficiencies, and ultimately be profitable enough to provide a fair return to the investors (including the RFC), a viable employer, and pass some savings on in lower fares.

Whatever it may have been thought of in its earlier incar-

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nations, Rohatyn is emphatic that this time the RFC should become an integral feature of the system:

> The RFC should . . . become a permanent part of our economic establishment, not just as a last-ditch creditor but as a vibrant instrument of both rescue as well as stimulus. It need not, and should not, be a permanent investor in any one particular enterprise. It should only remain as an investor, either as a part-owner or creditor, until such time as it can, in the public interest, divest itself of the enterprise in which it invests and this investment is eligible for normal market channels or until the markets are capable of performing their function. The RFC therefore should, in effect, become a revolving fund—hopefully a profitable one—which steps in where no alternatives are available and which steps out when the public interest has been served and normal market forces can again operate.

Here again the seemingly casual mention of figures in the tens of billions of dollars for one industry and hundreds of millions for one company reveals the trend of the writer's thinking. And of course it would not be at all difficult to add to the list of projects which could use, and for the most part are not likely to be realized without, "an investor, risk-sharer, lender, and guarantor": rehabilitation of the railroads, urban mass transit, pollution control, low-cost housing, etc. Market-directed, profit-seeking private enterprise has failed miserably to meet even minimum (from the point of view of capitalism itself) social needs in these and other areas. What Felix Rohatyn is suggesting is that the capitalist class, acting through its state, should create a permanent institution capable of fulfilling the dual function of arresting the present potentially disastrous slide of the economy and subsidizing, directly or indirectly, investment in and production of goods and services which private monopolies consider too unprofitable and/or too risky to get into. If, by chance, some of these investments should turn out to be attractively profitable, they could and should be turned over to private hands: the state's job under capitalism is not to appropriate profits but to socialize losses and see that the system functions smoothly.

Rohatyn understands perfectly well that his proposals involve more than setting up a government corporation and providing it with money to invest. He brushes aside ideological

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objections—"socialism" from conservatives and "big business bail-outs" from the liberals—but he is quite willing to concede that the kind of RFC he has in mind can be effective only in a context of economic planning:

> There can be no denying that such an organization with the type of wide-ranging freedom described above, can be perceived as a first step toward state planning of the economy. Yet the time may have come for a public debate on this subject. . . . The premise that under [presently existing] circumstances, the country has to husband its resources more carefully, allocate them more prudently, and match its financial capabilities with its social priorities would appear to be worth considering. What many will call state planning would, to the average family, be no more than prudent budgeting.
>
> There are many who believe that long-range economic planning, at the federal level, will become a necessity. A plan without instruments to bring it to reality, however, is simply one more piece of paper. The RFC could be one of the key instruments in this kind of approach.

Rohatyn says nothing about what other key instruments of long-range economic planning might be necessary or desirable. But others are getting into the act, and it seems certain that from now on there will be no shortage of proposals and blueprints. A story in the March 10th issue of *Business Week* clearly points in this direction:

> Centralized government economic planning traditionally has been anathema to most businessmen, politicians, and economists. But with the economy in the worst slump since the 1930s, plus the added economic burden of the energy crisis, national planning is gaining new support in and out of Washington.
>
> A group of businessmen, labor leaders, and economists, headed by Nobel Prize-winning economist Wassily W. Leontieff, wants Congress to set up an office of National Economic Planning. The proposal, which is backed by such varied people as Robert V. Roosa, senior vice president of Brown Bros. Harriman & Co. [and former Under Secretary of the Treasury for Monetary Affairs], and Leonard Woodcock, president of the United Auto Workers, would give the planning office a broad mandate including:
>
> • Authority to collect and analyze detailed economic information from all sources both in the government and the private sector.
>
> • Responsibility for developing economic plans for periods of 5 to 15 years that are to be submitted to Congress and the President.

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• Power to coordinate economic policy-making among such agencies as the Office of Management & Budget, the Treasury Dept., and the Council of Economic Advisers.

One other key instrument of long-range capitalist planning is likely to be some form of wage-and-price controls, often given the euphemistic name of "incomes policy," the real purpose of which is to regulate the rate of surplus value in the interests of capital. Such regulation is clearly implicit in the aim, cited above, of everyone else doing with less so that big business can have more, but its urgency is considerably less in a time of deepening depression than it was in the previous period of rampant inflation. Nevertheless, it occupies a central position in bourgeois planning literature (see, for example, J. K. Galbraith's latest book, *Economics and the Public Purpose*), and it is pretty sure to have a place in any planning scheme that may be adopted in the future.

Putting aside for the moment the question of the effectiveness of possible planning arrangements, we can say one thing with reasonable certainty: the present economic crisis and the renewed period of stagnation to which it is the prelude are bound to produce a great leap forward into state capitalism in the United States. This will take the form of extensive salvage operations which in fact are already under way in various sectors of the economy (banking, railroads, etc.). It is very likely to take the form of a massive government investment banking operation such as Rohatyn's RFC proposal. And it may involve more or less serious efforts at national economic planning. But whatever the mix, there can be no mistaking the powerful and clearly irreversible trend toward ever greater state intervention and participation in the U.S. economy.

Two brief comments are immediately in order. First, whatever conservatives and brainwashed social "scientists" may say, this has absolutely nothing to do with socialism.* Second, other

* Even Marxists sometimes tend to forget that socialism is not a mode of production *sui generis* but a transitional social formation, with the process of transition centering on the modification and eventual elimination of both capital and wage labor, i.e., the abolition of the oppressive, exploitative, and essentially alienating relationship between a separate class of owners/controllers of the means of production and workers forced

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advanced capitalist countries are much further into state capitalism than the United States, so that what is starting to happen here can be looked upon as a catching-up process.

As to whether and/or to what extent the march to state capitalism can check the present crisis and alleviate the condition of stagnation which is now in prospect, one must evidently speak with considerable caution. We have already expressed the view that the government can prevent a full-blown panic by, in effect, assuming or guaranteeing the debts of threatened banks and corporations. How much more it can accomplish is the big question mark. A careful assessment of the experience of other countries in which state capitalism is more developed than in the United States would perhaps lead to the conclusion that something can be achieved in the way of propping up investment and employment, but not very much as long as they are dependent, as most of them are, on international developments beyond their control. But it would be wrong to transfer this conclusion directly to the United States, if only because the United States is by far the biggest member of the world capitalist system and hence plays a disproportionately large part in determining the international developments which bear so heavily on the others. It might be argued that if state capitalism in the United States could decisively improve the performance of this largest unit in the system, it would at the same time enable the others to reap the full potential benefits of state capitalism for themselves. Lacking any way to test the validity of this argument, we can only speculate on the first part of it, i.e., on how much state capitalism is likely to be able to accomplish here in this country.

And here, paradoxically (or at least so it will seem to many), the problem is much more a matter of politics than of economics. The enormous wealth and productivity of the United States confers on this country what, to use an analogy from mathematics, may be called almost unlimited degrees of economic freedom. *On paper* it should not be difficult to draw up

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to sell their labor power to earn their livelihood. The bourgeois state always acts to strengthen and assure the continuation of this relationship, not to weaken or abolish it.

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plans which, while remaining entirely within the framework of capitalism, would eliminate some of the system's almost incredibly wasteful and absurd irrationalities and mobilize the human and material resources thus made available to tackle many of the problems which now seem hopelessly insoluble. This is not the place to spin out such plans: that can safely be left to Professor Leontieff and his associates. Suffice it to say that actual experience during the Second World War proved that, starting from an unemployment situation somewhat similar to what we have today, it was possible to increase production by roughly 100 percent while at the same time drafting millions of men and women in the most productive age groups into the armed forces. *On paper* it should be possible to do even better today, with investment being channeled (perhaps by Felix Rohatyn's RFC) into developing new energy sources, rebuilding and extending the nation's rail network, providing the cities with modernized mass transport systems, de-polluting our air and water, furnishing halfway decent housing for perhaps 25 million families, etc., etc. This would certainly not have to involve any drastic redistribution of income or any crippling (to capitalism) reduction in the rate of surplus value: easily attainable increases in production could provide more all around.

It is precisely paper dreams of this kind that dazzle our well-intentioned planners. They forget to ask where all these incredibly wasteful and absurd irrationalities came from in the first place, and they overlook the stubborn fact that each and every one of them is the fortress or hiding place of vested interests which wield enormous political power and have absolutely no intention of making the least sacrifice for the common good, even if that somewhat elusive concept is defined wholly in capitalist terms. How is the energy problem to be approached, let alone solved, with the oil giants sitting astride an ever-increasing share of the nation's profitable energy sources and firmly in control of a large delegation of senators and representatives?*

* In the long run, which however may be said to have begun yesterday, the most rational solution to the energy problem is for the human race to learn to harness directly the flow of solar energy which reaches us uninterruptedly, absolutely free and in quantities which in a few days'

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How are the railroads and urban mass transit going to get the priority which common sense tells us they deserve in the face of the vast power of the automobile, trucking, oil, and highway interests? Who is going to sell mass low-cost housing to the real estate and mortgage-banking interests? Give us persuasive answers to these questions and maybe we'll begin to pay more attention to your paper plans. But if you have no answers, please pardon us, there are more important matters to attend to.

The working class, defined broadly to include all those who need jobs as well as those who have them, is, as always, the special victim of capitalist depression. Real wages have been declining for several years now, and unemployment is far worse than the official figure of 8.2 percent (even officially it is over 40 percent for black teen-agers). Many workers are up to their ears in debt, unemployment benefits are rapidly running out, and huge numbers are being forced to go on welfare. Even those who still have jobs, knowing that their turn may come next, live in constant fear of ruin for themselves and their families. The working class in this the richest country in the world is quite literally facing a struggle for survival.

Under these circumstances, the unions, thoroughly bureaucratized, integrated into the system as a means of controlling workers rather than fighting for their interests, and in any case representing no more than about a quarter of the labor force, are not going to be magically transformed into effective instruments of working-class struggle. Their role today will probably be similar to that of the old A.F. of L. in the early 1930s, one of impotence and obstruction. And just as then, new organizations and new forms of struggle will doubtless emerge as workers are forced to face the grim realities of capitalist breakdown.

We do not pretend to be able to predict what these new organizations and forms of struggle will be or when they will begin to take shape. Our confidence that they will indeed emerge is based on the whole history of working-class move-

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time far exceed the total amount of energy (largely the product of past and present solar radiation) stored in the earth's crust or growing on the earth's surface. How much enthusiasm are the oil companies and their minions likely to generate for *that* solution to the energy problem?

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ments under capitalism: every major crisis releases dormant energies and stirs the working class to action, and there is no reason to believe it will be different this time.

In the meantime, we should be giving most careful consideration to what the role of radicals and revolutionaries should be in this new period which is now opening. As things stand in this country today, it would be foolish to imagine that they are in a position to give leadership and guidance to the coming struggles. If they are to earn the right to lead, they must first show that they understand both what is happening and the implications of what is happening. If and when they have achieved this understanding, they can begin to play a crucially important though initially modest role in the working-class movement: that of interpreter and teacher. They can make clear to increasing sectors of the working class the essentially *defensive* nature of the struggles they will be forced into. They can refuse to be drawn into, or to draw others into, the swamp of bourgeois reformism which is always ready to claim its victims. And above all they can hold high the banner of revolutionary socialism which in the final analysis holds out the only hope of a decent existence not only for American workers, but for all humanity threatened as never before with physical as well as spiritual destruction.

(March 15, 1975)

Things economic and social move by their own momentum and the ensuing situations compel individuals and groups to behave in certain ways whatever they may wish to do—not indeed by destroying their freedom of choice but by shaping the choosing mentalities and by narrowing the list of possibilities from which to choose. If this is the quintessence of Marxism then we all of us have got to be Marxists.

—*Joseph A. Schumpeter*

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CHICAGO ECONOMICS, CHILEAN STYLE

BY MICHEL CHOSSUDOVSKY

The Junta's Economic Model

The model of economic and social organization proposed by Chile's Military Junta is expressed in its *Declaración de Principios del Gobierno Chileno*:

> Man is the end of all societies. . . . The state should perform only those tasks which cannot be adequately fulfilled by intermediate or private entities. . . . The state should arbitrate the mechanisms whereby the right of private property becomes a reality for all Chileans favoring its effective transmission to all strata of society. Our concern is to transform Chile not into a nation of proletarians but into a nation of proprietors.

What are, in Chile, the policy consequences of these theoretical propositions which coincide closely with the "Chicago model" of *competitive capitalism*? The specific economic policy measures implemented since September 1973 which are internally connected and consistent with the underlying premises of *laissez faire* have involved the following:

Michel Chossudovsky, who was a Visiting Professor of Economics at the University of Chile in 1973, teaches at the University of Ottawa.

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(1) Return of firms of the Social Property sector to their former owners and the financial and banking sector to private hands;

(2) Repeal of the agrarian reform which started (before Allende) under the Christian Democrats;

(3) A policy of free and competitive prices and the elimination of most price controls on basic consumer goods;

(4) An exchange rate policy re-establishing a so-called "parity exchange rate" through periodic devaluations;

(5) Liberalization of trade and implementation of a policy of free imports;

(6) Measures pertaining to the movement of capital and foreign exchange and the expatriation of the profits of foreign corporations operating in Chile;

(7) A tight monetary policy, reduction in the size of the public sector, and the elimination of so-called "unproductive employment" in the public sector;

(8) A freeze on wages and salaries to alleviate undesirable "cost pressures stemming mainly from wage pattern behavior."[1]*

As a result of a "marginal" ten-fold devaluation of the escudo and the policy of "free and competitive prices" introduced in September 1973, consumer prices increased by more than 100 percent during the first month of the military regime, while several basic food commodities experienced price increases of more than 300 percent. The price of bread increased fourfold in October 1973 and elevenfold in the course of 1974.

Whereas prices were freed so as to "benefit the consumer" through the elimination of "undesirable market distortions," wages and salaries were "frozen" and controlled by decree-law so as to attenuate "the destabilizing pressures of wage demands."

As a result of the Junta's policy of "freeing prices and freezing wages" the purchasing power of the wages and salaries group as a whole has fallen by 60-65 percent compared to its 1968/69 level. In terms of March 1974 prices, the statutory minimum family income (E°18,000) was equivalent (in real terms) to ap-

* Notes will be found at the end of the article.

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proximately one third of its 1968/69 level. The fall in purchasing power not only affected the lower-income groups but also middle- and upper-income layers of the wages and salaries group.

The Distribution of Income and the Distribution of Poverty

What are the consequences of this dramatic fall in real purchasing power? Whereas in 1969, fewer than 30 percent of Chile's population had incomes insufficient to meet minimum calorie and protein requirements, our results suggest that 85 percent of Chile's population are now below the poverty line and suffering from malnutrition, while 60 percent of all households (primarily blue-collar workers) are in conditions of extreme poverty and malnutrition. With the statutory minimum family income implemented by decree-law in January 1974, a family of average size, allocating *all* of its expenditure to the purchase of food, could (in terms of March 1974 prices) purchase less than half the food necessary to meet minimum calorie and protein requirements. In terms of the observed consumption behavior of the lowest income bracket, a family of average size would spend 40 percent of its income on bread alone. Two and a half hours of labor remunerated at the statutory minimum (hourly) wage rate is barely sufficient to purchase one kilo of bread.[2]

In 1967, the top 5-percent income bracket received 22.6 percent of total income. Our results indicate that the top 5-percent income bracket now controls approximately 50 percent of total income, which suggests that income in Chile is more concentrated and unequally distributed than in any other country in South America.

The implicit transfer of income has been accompanied by a process of wealth redistribution which is a consequence of the Junta's property and ownership policies, the repeal of agrarian reform, as well as the effect of reduced consumer demand on small and medium-sized firms which were unable to withstand the decline in the levels of sales resulting from the shift in purchasing power.

In other words, the transfer of income and wealth has contributed not only to the *economic* repression of the working classes and the elimination of a sizable middle class but also to

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a greater industrial concentration and consolidation of economic power in the hands of large firms and monopolies.

The fall in purchasing power and the corresponding shift in aggregate demand has also contributed to the highest rate of unemployment in Chile since the 1930s (20 percent of the economically active population).[3]

Economic Repression

While on a mission to Chile, Chicago economics professor Arnold Harberger stated in an interview: "I am really surprised that Chile has been able to overcome so great an economic chaos in so short a time and *at relatively little cost.* . . ." (Emphasis added.)[4]

While the scientific disguise of the neo-liberal model may conceal the process whereby economic policy, with the help of "the invisible hand," is translated into the most effective form of repression, the Chilean and U.S. economists who devised the underlying economic policy measures share with the Military Junta the responsibility for the impoverishment and *economic repression* of more than three quarters of Chile's population.

NOTES

1. For further discussion concerning these policy measures and their consequences, cf. M. Chossudovsky, "Hacia el Nuevo Modelo Económico Chileno—Inflación y Redistribución del Ingreso, 1973-1974," *Trimestre Económico,* no. 166 (1975), and M. Chossudovsky, "The Neo-Liberal Model and the Mechanisms of Economic Repression, the Chilean Case," *Co-Existence* (1975).
2. The detailed estimates of the fall in purchasing power of different income groups as well as the empirical results on poverty, malnutrition and the distribution of income are contained in "Hacia el Nuevo Modelo Económico Chileno. . . ."
3. Pedro Vuskovic in an interview mentions the figure of 20 percent. The official figure for June 1974 was 9.2 percent, cf. *LAWG Letter,* vol. 2, no. 4 (1974).
4. Interview in *El Mercurio* quoted by Andre Gunder Frank in "Open Letter to Arnold Harberger," *Neues Forum* (August 1974).

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IMPERIALISM AND REVOLUTION IN AFRICA

BY AZINNA NWAFOR

The late and sorely lamented African revolutionary leader and theoretician, Amilcar Cabral, in a penetrating essay* has illuminated the subject of imperialism in Africa by providing a brilliantly dialectical analysis that enables us to grasp the question in its totality. The essay, which we will summarize and analyze, is notable, among its other merits, for its capacity to delimit and record the real, positive aspects of imperialism, even while stressing its overwhelmingly negative and stultifying effects on the dominated. For it is a mistake to assume that taking account of any positive effects of imperialism of itself makes one an apologist for imperialism. On the contrary, recognition of the progressive or positive elements in imperialism is wholly "compatible . . . with the full recognition of the negative and dark

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Azinna Nwafor is presently on the Harvard faculty. It is uncertain whether he will still be on it next year.

* "Foundations and Objectives of National Liberation in Relation to Social Structure," in *Liberation in Guinea* (London, Stage I, 1969). Further Cabral citations are from this source and will be identified by page number only.

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sides of capitalism, with the full recognition of the profound and all-sided social contributions which are inevitably inherent in capitalism [imperialism], and which reveal the historically transient character of this economic regime."*

Cabral begins with a definition of imperialism as "a world-wide expression of the search for profits and the ever-increasing accumulation of *surplus value* by monopoly finance capital, centered in two parts of the world: first in Europe, and then in North America." Located within the general trajectory of the evolution of capital and the process of accumulation, "it is piracy transplanted from the seas to dry land, piracy reorganized, consolidated, and adapted to the aim of exploiting the natural and human resources of our peoples." (p. 80) But the point of analysis, of understanding, and of struggle is not condemnation or denunciation of the imperialist phenomenon, particularly because "imperialism—and everything goes to prove that it is in fact the last phase in the evolution of capitalism—has been a historical necessity, a consequence of the impetus given by the productive forces and of the transformation of the means of production in the general context of humanity, considered as one movement, that is to say, a necessity like those today of the national liberation of peoples, the destruction of capital, and the advent of socialism." (p. 80)

Clearly then, recognition of the historical necessity of imperialism never degenerates into apologetics, but rather imperatively demands the urgent and inescapable task of today: the destruction of imperialism and the historical necessity of the national liberation struggles for the establishment of socialism. The important point at this stage is to determine whether imperialism, in its role as capital in action has fulfilled in Africa its historical mission, that is (in Cabral's words), its historical role in "the acceleration of the process of development of the productive forces and their transformation in the sense of increasing complexity in the means of production; increasing the differentiation between the classes with the development of the

* V. I. Lenin, *The Development of Capitalism in Russia* (Moscow 1956), p. 654, subsequently referred to as *Development of Capitalism.*

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bourgeoisie, and intensifying the class struggle; and appreciably increasing the level of economic, social, and cultural life of the peoples." (p. 80) Cabral's conclusion on the evidence of African experience is that "as much on the economic level as on the social and cultural level, imperialist capital *has not remotely fulfilled the historical mission carried out by capital in the countries of accumulation.*" (p. 80, emphasis added) It cannot in fact carry out such a mission as was achieved in the countries of accumulation—and imperialism never intended such an accomplishment—precisely because the colonial economy is preeminently a dependent economy, dominated by metropolitan capital and designed to satisfy the requirements of surplus value accumulation at the center. As Cabral noted, "If, on the one hand, imperialist capital has had, in the great majority of the dominated countries, the simple function of multiplying surplus value, it can be seen on the other hand that the historical capacity of capital (as indestructible accelerator of the process of development of productive forces) depends strictly on its freedom, that is to say, on the degree of independence with which it is utilized." (p. 80)

When Lenin assessed the historical mission of capitalism in Russia at the turn of the century, he argued that "the progressive historical role of capitalism may be summed up in two brief propositions: increase in the productive forces of social labor, and the socialization of that labor. But both these facts manifest themselves in extremely diverse processes in different branches of the national economy." (*Development of Capitalism,* p. 655) Applying this principle to the concrete Russian history he was studying, he concluded that the development of capitalism in Russia had been progressive when compared to *the pre-capitalist epoch* in Russia. Where "the pre-capitalist countryside represented (from the economic aspect) a network of small local markets which linked up tiny groups of small producers, severed from each other both by their separate husbandry, by the innumerable medieval barriers between them, and by the remnants of medieval dependence," the penetration of capitalism was accelerating the disintegration of the peasantry. (p. 410) Its progressiveness was seen in its "shattering to the very foundations the ancient forms of economy and life, with their age-old im-

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mobility and routine, destroying the settled life of the peasants, petrified as they have been within their medieval partitions, and creating new social classes striving of necessity towards contact, unification, and active participation in the whole of the economic (and not only economic) life of the country, and the whole world." (pp. 411-412) In general, he concluded, the historical mission of capitalism in Russia was manifested in "the spasmodic character of economic development, the rapid transformation of the methods of production and the enormous concentration of production, the disappearance of all forms of personal dependence and patriarchalism in relationships, the mobility of the population, the influence of the big industrial centers, etc.—all of which cannot but lead to a profound change in the very character of the producers." (pp. 658-659) Again, in China, Mao noted that "by penetrating into China, the imperialist powers have on the one hand accelerated the disintegration of China's feudal society, caused factors of capitalism to emerge in China and transformed the feudal society into a semi-feudal one, and on the other hand imposed their ruthless rule on China and reduced an independent China into a semi-colonial and colonial China."*

Cabral's examination of the historical peculiarities of imperialist domination of Africa results in similar conclusions. For while "the influence of imperialism on the historical process of the dominated people produces paralysis, stagnation and even in some cases regression in the process," this paralysis is nevertheless incomplete. (p. 81) Noticeable transformations can be expected, caused by the permanent action of some internal factors or by the action of new ones introduced by the colonial domination, such as the introduction of money and the development of urbanization.

Among these transformations we should particularly note, in certain cases, the progressive loss of prestige of the ruling native classes or sectors, the forced or voluntary exodus of part of the peasant population to the urban centers, with the consequent development of new social strata: salaried workers, clerks, employees

* Mao Tse-tung, *Selected Works* (Peking, 1967), vol. 2, p. 312.

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in commerce and the liberal professions, and an unstable stratum of unemployed. In the countryside there develops, with very varied intensity and always linked to the urban milieu, a stratum made up of small landowners. In the neocolonialist stage, whether the majority of the colonized population is of native or foreign origin, the imperialist action takes the form of creating a local bourgeoisie or pseudo-bourgeoisie, controlled by the ruling class of the dominating country. (pp. 81-82)

Central to Cabral's determination of the effects of imperialist domination on the social structure and historical process of African peoples is the careful distinction which he draws between colonialism and neocolonialism. *Classical colonialism,* or simply *colonialism,* is the system of "direct domination, by means of a political power composed of elements foreign to the dominated people (armed forces, police, administrative agents and settlers)." It is "the paralysis or deviation or even the halting of the history of one people in favor of the acceleration of the historical development of other peoples." *Neocolonialism* is the system or "form of indirect domination, by a political power composed mainly or completely of native agents." This indirect method of domination is a *strategy* that has become predominant in a specific new phase which imperialism entered at the end of the Second World War. Economically, it is still the phase of monopoly capitalism, of monopoly capitalism in extremity, racked with a vertiginous spiral of perpetual and accumulating terminal crises, in which it feverishly seeks to extend its plunder of the world's resources through a network of multinational corporations with what Baran and Sweezy have called their insatiable "hunger for maximum *Lebensraum.*" Politically, this phase is one in which imperialism is confronted with the emergence of a potent and advancing socialist world, the spectacular development and ubiquity of storm centers of irrepressible national liberation movements and revolutionary upsurge whose pulse can be felt even in the remotest islands of Oceania, and a resurgent working class and democratic movement in the industrial capitalist countries. Neocolonialism is thus an attempt, in Cabral's words, at "rationalizing imperialism" in this new era. It is a counter-revolutionary strategy deployed on two fronts: in Europe and in the Third World, seeking "simultaneously to dom-

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inate the working class in all the advanced countries and smother the national liberation movements in all the undeveloped countries." In this respect it may even have been a greater defeat for the international working class than for the colonized peoples. For in Europe neocolonialism concentrates on preferential capital investment in France, Italy, Belgium, England, etc., augmented by a transfer of value from the undeveloped periphery to the imperialist center. Since the relations between the center and the periphery of the imperialist system are relations of domination, unequal relations, expressed in a transfer of value from the periphery to the center, this transfer of value facilitates a larger increase in the reward of labor at the center than would have been possible without it. Both mechanisms are designed "to stimulate the growth of a workers' aristocracy, to enlarge the field of action of the petty bourgeoisie so as to block the revolution." In the Third World, neocolonialism granted independence together with "aid" projects for reinforcing imperialist control. This phenomenon did not escape the purview of Lenin, who pilloried "the deception systematically practiced by the imperialists in creating, under the guise of politically independent states, states which are wholly dependent upon them economically, financially, and militarily." As Sartre has observed, Third World neocolonialist countries "disclose the mystification by which the former colonies have been freed of all their chains save that of super-exploitation."

Cabral has rightly insisted that it is under this conjuncture of neocolonialist offensives in Europe and the Third World that "neocolonialism and the relations between the international working-class movement and our movements must be analyzed." Neocolonialism has irrefutably confirmed the intimate affinity between revolutionary struggles in the Third World and the struggle of the international working-class movement. This of course does not mean that "it is possible to forge closer relations between the peasantry in Guinea and the working-class movement in Europe; what we must do first is work to forge closer links between the peasant movement and the wage-earners' movement in our country." (p. 60) The revolt of the masses in the periphery is bound to accelerate the revolt at the center, since such a revolt must entail a necessary intensification of the conditions of ex-

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ploitation at the imperialist center, the only means by which capitalism can reverse the narrowing of its area of operation.

To further this end, we must firmly grasp that one of the primary objectives of neocolonialism in Africa and other undeveloped countries is "to create a false bourgeoisie to put a brake on the revolution, and to enlarge the possibilities of the petty bourgeoisie as a neutralizer of the revolution." (p. 60) This is why what is precisely decisive in the era of neocolonialism is the development of the internal contradictions (economic, political, and ideological) between the masses, subjected to increasingly heinous exploitation, and the privileged minorities linked with imperialism and protected by it, who enrich themselves, vampire-like, from the labor of their people and are themselves dominated by, as well as being vehicles of, the dominant metropolitan bourgeois ideology. Those who, like Nkrumah, are impatient for the primacy of an immediate continental unity are simply giving expression to abstract, petty bourgeois Jacobinism—that most extreme of radicalism of which bourgeois society has been capable—in opposition to the concrete demands of the masses. As Sartre has admirably summed up, in a judicious essay on Lumumba: "Jacobinism is petty bourgeois; it subordinates the economy to the cause of political integration and clashes with the demands of the masses, whom it accuses of sabotaging national unity. This conflict usually allows their enemies to break first the unitarist movement and then the social movement." However, unity cannot be seen "as a beginning, but as an intermediate moment, the only way to fuse the demands of the petty bourgeoisie with the interests of the masses. [Then] is it seen too as the final goal of an economic, social, and political revolution, which must be continually radicalized, unless it is to collapse."*

In fact it is not at all difficult to illustrate the criminal exploitation of the masses in the neocolonial independent countries. Today's harrowing headlines of widespread famine and starvation in Africa and elsewhere are indicative reminders of the deadly pressure of this exploitation. This misery, starvation, and utmost destitution cannot be attributed to the visitation of some

* Jean-Paul Sartre, "La Pensée Politique de Patrice Lumumba," in *Situations V. Colonialisme et néo-colonialisme* (Paris: Gallimard, 1964).

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malevolent deity. Fanon anticipated such developments when he wrote of the African bourgeoisie at the dawn of neocolonial political independence that "this new caste is an affront all the more disgusting in that the immense majority, nine tenths of the population, *continue to die of starvation.* The scandalous enrichment, speedy and pitiless, of this caste is accompanied by a decisive awakening on the part of the people, and a growing awareness that promises stormy days ahead."*

But, to continue, however much the two methods of domination may differ—and here we encounter again the enriching subtlety and rigor of Marxist dialectical analysis—these two forms of imperialist domination are simultaneously identical and distinct phenomena. Colonialism and neocolonialism are identical because "the essential characteristic of imperialist domination remains the same: the negation of the historical process of the dominated people by means of violent usurpation of the freedom of development of the national productive forces." (p. 82) This observation, which identifies the essence of the two forms of imperialist domination, is seen to be of major significance for the thought and action of liberation movements, both in the course of struggle and after independence has been victoriously achieved. It conceives national liberation—the phenomenon in which a given socio-economic whole rejects the negation of its historical process—as a return to history through the destruction of imperialist domination. It is important to understand what this return to history means. It is not a return to a dead and long-transcended past. Such a return is impossible, reactionary, and undesirable in the historical conjuncture. History is not stationary, and even colonial society could not arrest it in its impetuous forward march. As Césaire has eloquently expostulated, "For us the problem is not to make a utopian and sterile attempt to repeat the past, but to go beyond. It is not a dead society that we desire to prolong—the most putrid carrion that ever rotted under the sun. It is a new society that we must create . . . a society rich with all the productive powers of modern times, warm with

* Frantz Fanon, *The Wretched of the Earth* (New York, Grove Press, 1963), p. 135. (Emphasis added.)

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all the fraternity of ancient days."* Cabral's conception of the return to history is deeply inscribed within the class struggles of the colonized people. The imposition of imperialist rule kept the dominated from deepening the internal historical developments of their own class struggle. This class struggle now continues in a muffled and disfigured manner, prolonging the process of pure differentiation of internal class structures; for not only is the absence of clearly defined classes witness to the lack of development of colonized societies by imperialism, but also the whole people of necessity struggles against the ruling class of the imperialist countries, since "as a dominated people we only present an ensemble vis-à-vis the oppressor." This is what imparts a totally different aspect to the historical evolution of the dominated. But "the moment national liberation arrives and the petty bourgeoisie takes power we enter, or rather return to history, and thus the internal contradictions break out again" with a quickened and vigorous tempo. (p. 57) For no sooner had the petty bourgeoisie come to power than it revealed itself in its world-view and policies as a social class opposed to the masses.

Firstly, though the colonial and neocolonial situations are identical in essence, with the main aspect of the struggle against imperialism being neocolonialist, they are, in practice, not coterminous; rather they are clearly distinct moments in the historical evolution of imperialism. One difference can be seen in the prospects for the struggle. "The colonial situation (in which the *nation class* fights the repressive forces of the bourgeoisie of the colonizing country) can lead, apparently at least, to a nationalist solution (national revolution); the nation gains its independence and theoretically adopts the economic structure which best suits it. The neocolonial situation (in which the working classes and their allies struggle simultaneously against the imperialist bourgeoisie and the native ruling class) is not resolved by a nationalist but by a socialist solution." (p. 86) It can be completed only by the destruction of the capitalist structure implanted in the national territory by imperialism, and the establishment of socialism.

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* Aimé Césaire, *Discourse on Colonialism* (Monthly Review Press, 1972), p. 31.

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Secondly, the fact that the political power which dominated in the colonial situation lacked national elements in its formation and exercise makes possible the creation of a wide front of unity and struggle, which is vital to the success of the national liberation movement. But this possibility at the same time makes all the more imperative the need for a concrete analysis of the indigenous social structure, of the tendencies of its evolution, and for the adoption in practice of appropriate measures for ensuring true national liberation. Such an analysis, it seems to us, must vigorously combat the erroneous formulation of Fanon on the role of social classes in the African revolution: his dismissal of the embryonic working class as a revolutionary force, based on the claim that the colonized proletariat is a "pampered," "comparatively privileged" social class which constitutes a "bourgeois fraction" of the colonized people with everything to lose in a revolutionary transformation of colonial society; his treatment of the peasantry as an undifferentiated social whole, and the extraordinary view of the peasantry as "the only spontaneously revolutionary force" in colonial societies—as though, anyway, spontaneity were in itself a revolutionary virtue and not a weakness, a bourgeois tendency fatal to a revolutionary movement, and one to be fiercely combatted by resolute subordination to the conscious organizational activity of a revolutionary vanguard—in which, furthermore, this undifferentiated whole not only is the only revolutionary force, but even more astonishingly, is "capable of directing the people's struggle"; his systematic attempt to cultivate and promote distrust and conflict instead of unity between the proletariat and the peasantry; the romantic and absurd celebration of the *lumpenproletariat,* which, though it is seen as "the gangrene ever present at the heart of colonial domination," as the "hopeless dreg of humanity" will nevertheless emerge, outside of history and its class situation, as the "urban spearhead" of the revolution, etc. Against these misconceptions must be opposed a concrete and correct analysis, adoption of appropriate practical measures of which Cabral already serves as a rich source and unerring guide. The peasantry may be capable of spontaneous combustion—more in the nature of outbursts of desperation and vengeance than of conscious struggle—but it has never any-

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where, cannot, and will not lead a socialist revolution, nor for that matter does the evidence of African realities suggest that it is spontaneously revolutionary. Analysis of African conditions seems to confirm that the proletariat still represents the main and leading revolutionary force, but it cannot come to power unless it is united in struggle with, and correctly leading, the peasantry —which everywhere represents a great physical force for the revolution—in a revolutionary alliance of all the oppressed and exploited.

On organizational strategies, Cabral argues that in the colonial situation an indispensable measure for ensuring true national liberation is "the creation of a firmly united vanguard, conscious of the true meaning and objective of the national liberation struggle which it must lead." He insists on the urgency of this necessity since the colonial situation does not permit or need the existence of significant vanguard classes—a working class conscious of itself and a rural proletariat—that could ensure the vigilance of the popular masses over the evolution of the liberation movement. On the contrary, the generally embryonic character of the working classes and the economic, social, and cultural backwardness of the peasantry (to which its objective class situation permits only elemental "spontaneous" explosions) deny these two main forces' capacity to distinguish true national independence from fraudulent political independence. Thus, "only a revolutionary vanguard, generally an active minority, can be aware of this distinction from the start and make it known, through the struggle, to the popular masses. This explains the fundamentally political nature of the national liberation struggle and to a certain extent makes the form of struggle important in the final result of the phenomenon of national liberation." (p. 85) Distinguished by the clarity of its class-consciousness and unconditional devotion to the cause of revolution, combined with an equal capacity to merge itself wholly in the lives of the struggling and suffering masses, such a revolutionary vanguard necessarily represents the concrete embodiment of proletarian class-consciousness. It clearly understands the line of march, the conditions of struggle, as well as the ultimate general ends of the proletarian movement; and it "must unite the spontaneous dis-

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coveries of the masses, which originate in their correct class instincts, with the totality of the revolutionary struggle, and bring them to consciousness."*

While in classical colonialism "the historical process of the socio-economic whole is paralyzed," the neocolonial situation on the other hand, by permitting the social dynamic to awaken (conflicts of interests between indigenous social strata or class struggles), "creates the illusion that the historical process is returning to its normal evolution." This mystification will be reinforced by the existence of a political power (national state) composed of native elements. "In reality it is scarcely even an illusion, since the submission of the local 'ruling' class to the ruling class of the dominating country limits or prevents the development of the national productive forces. But in the concrete conditions of the present-day world economy this dependence is fatal and thus the local pseudo-bourgeoisie, however strongly nationalist it may be, cannot fulfill its historical function; it cannot *freely* direct the development of the productive forces; in brief, it cannot be a national bourgeoisie" (p. 82) precisely because the complete freedom and independence of the process of development of productive forces and of the class struggle is an indispensable condition for their effective mobilization and functioning. In other words, the neocolonial bourgeoisie is no longer a revolutionary force. It has been supplanted by the proletariat in leadership of all the oppressed, whose real productive force can be fully released only with its seizure of power. Any unfulfilled demands of the bourgeois revolution can now only be realized within the framework of the proletarian revolution, which is in itself simultaneously the realization and supersession of the bourgeois revolution.

We must conclude with the observation that Cabral does not commit the error of conceiving productive forces mechanistically or economistically, though one fears that followers or epigones lacking in theoretical depth or subtlety will not easily avoid this danger. The danger arises, of course, from Cabral's insistence that "the productive forces are the motive force of history." But he never fails to think of the concept of productive forces in in-

* Gyorgy Lukacs, *Lenin* (London, New Left Books, 1970), p. 36.

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separable association with relations of production, nor does he fail to inculcate within his analysis awareness that the greatest productive force in human society is the masses themselves, the revolutionary class, the working people. Certainly this perspective was not alien to that formidable thinker and strategist of genius in the struggle for the revolutionary transformation of Africa. When, for instance, he was confronted with the mechanistic abstraction which argued that to wage a successful guerrilla warfare a country must be of a certain size so it could create a guerrilla base or *foco*, and further, that a mountainous topography provided the best setting for developing guerrilla warfare, he refused to be intimidated by such facile systematization. Instead, basing his revolutionary practice and thinking on concrete knowledge of the real conditions—geographical, social, historical, political, and economic—confronting him, he replied incontrovertibly, magnificently: "As for the mountains, we decided that our people had to take their place, since it would be impossible to develop our struggle otherwise. So our people are our mountains." To achieve this goal his party proceeded to put politics in command by adopting another principle, which correctly stipulated that the struggle for social liberation is a political struggle in which the political and military leaderships are united in one: the political leadership.

Such must be the path, the only correct path, to Africa's revolutionary emancipation from imperialism and its movement toward the development of socialism. As formulated by Karl Marx, with epigrammatic incisiveness: "Every revolution dissolves the old society and insofar as it does this it is social. Every revolution overthrows the old power and insofar as it does this it is political." The revolution in general—the overthrow of the existing power and the dissolution of the old relations—is a political act. Insofar as socialism first needed destruction and dissolution, it needed this political act, for every class struggle is a political struggle. The economic emancipation of the working class requires the conquest of political power. Only then is the political cloak of the revolution discarded, or, more precisely, the political power so conquered is thereafter used for the attainment of social ends, and with the abolition of class differences social power will altogether lose its political character.

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THE HUNGARIAN NEW LEFT:
Sociology and Revolution

BY AN OBSERVER

1. The Birth of the New Radical Critique in Hungary

Hungary is the Warsaw Pact country where a radical-left critique is perhaps best developed, especially at the level of theory. The opportunity for this internal critique to be publicly expressed—thanks in part to the policies of Janos Kadar and his group—has put an end to the monopoly of "Made in the West" criticism. The birth of a national critique could have very important consequences for Hungarian society—*for its self-dynamism*—especially if the critique can develop without being violently restrained.

In this national critique, the New Left tendency is naturally in a minority. The other current, which can be generally called "technocratic" or positivistic, is much more powerful, because it represents the interests (pluralistic and differentiated) of the bureaucracy. This technocratic current has a much greater opportunity to channel the forces of social change, particularly in an absolutist political system, than the current that puts itself forward as the representative of the large masses of

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The author of this article is neither a Hungarian nor a resident of Hungary.

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the powerless and authorityless—that is to say, the current of the radical Left. The first current is that of dominant groups, while the second is a current of dominated groups.

The opportunity for the formation and development of a national critique counterbalancing that which is coming from the West has received, in almost all of Eastern Europe, a violent setback as a result of the Soviet intervention in Czechoslovakia. This intervention marked the beginning of a general movement, encouraging to conservative forces, to repress any indigenous critique within the sphere of Soviet domination.

Let us look more closely at the sociological theory of the Hungarian radical Left. The most important sociological works are those of Andre Hegedüs and of Maria Markus, who often write together. Our study will therefore be principally centered on their writings.*

The current conceptions of these authors were formed principally in the middle 1960s. As with generally all of the non-orthodox Left, they were radicalized by the events of 1968 in France and in Czechoslovakia. An extremely important theoretical and ideological source of their ideas is, without doubt, the School of Budapest, whose founder was Gyorgy Lukacs. At its start, the School of Budapest was primarily concerned with philosophy. The radical sociologists came under its influence, and they in turn contributed to a certain "sociologicalization" of the School.

What is the principal characteristic of the School of Budapest? Its principal trait (not specific to it) is a critical position vis-à-vis the theories and practices of the so-called socialist societies (especially in Europe), a position based on a Marxian system of values and on analyses of the current objective reality. The principal motto of the school could be considered to be Lukacs' slogan: for a renaissance of Marxism there must be a "double movement—methodologically, back to Marx, and, as concerns reality, forward toward a Marxist explanation of contemporary phenomena." Of course, this does not suffice

* Since all works cited are in Hungarian, we have omitted specific references.—Ed.

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as a definition of this movement of ideas—an impossible task within the limited scope of this article.

2. On the Nature of the Societies of Eastern Europe

On this subject, the theory of bureaucratic structures has a central role. Weberian theory as well as more recent theories of organization have contributed to the theory formed by the Hungarian radical sociologists of the bureaucracy. They have arrived at the conclusion that the so-called socialist countries of Europe are societies whose serious problems are not due solely to external factors, nor to subjective or personal factors, nor to "dysfunction," nor to the treason of power elites, but rather to *structural causes* which correspond to the precise nature of the socio-economic formation. Such societies have little in common with the socialism to which the revolutionaries of several generations attached a higher price than to their own lives. The Hungarian radicals consider the society of Eastern Europe to be a society of a new type which dialectically negates capitalism and any other socio-structural mechanism regulated by the institution of private property in the means of production. This society is what Marx would have called a new social formation. Despite several inspired insights, he was not able to foresee the birth of this new social formation.

Some people who incurably apply the classical formulas and concepts of Marxism to the analysis of contemporary societies have argued that if we do not have socialism, we are in a capitalist society. At the same time, this kind of critique of the societies of Eastern Europe (among other societies) was the only radical critique based on a Marxian system of values. This formalist approach, however, made it impossible to follow the only road leading out of the impasse into which revolutionary theory has fallen in our time: while remaining Marxist, we must make the theoretical revolution necessary to break radically with a bureaucratic structure which also calls itself Marxist. Only a theoretical revolution within the Marxian cultural tradition can lead to a realistic (even if painful) analysis of contemporary civilization. Such an analysis can lay the foundation for an effective program for the radical transformation of society in accord with the original aims of Marxism.

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The author of this article is of the opinion that the analysis of bureaucratic societies, or societies in the process of bureaucratization (industrial societies East and West), has much to gain from the hypotheses already elaborated by the Hungarian radicals. These hypotheses are still very embryonic, but we should recognize that they can nevertheless contribute in an important way to the elaboration of a new revolutionary (in the broad sense of the word) project, especially with regard to industrial societies. According to Hegedüs:

> Bureaucracy appears in human history at a special stage in the division of labor, when the functions of the exercise of the rights of property and of the exercise of social management are separated from both the proprietors and the immediate producers, that is to say, from the fundamental classes of society; when social integration has achieved such a degree that it is necessary to form an organization which is hierarchically structured, specialized, and technically functional. In this complex social process, the fundamental change is that the proprietor—whether a person or a social community—is not able to exercise directly the managerial functions which stem from the fundamental property relations. He must share his power with the group that is qualified to exercise such functions. At the same time that it is carrying out its managerial functions, such a hierarchical and technical group furthers its own particular interests.

The bureaucratic structure (or social system) was dominant in the "Asiatic mode of production" and fulfilled important functions in other empires of antiquity. It was and is dominant in the huge religious organizations, and it played a fundamental role in the state structure during the process of political centralization that led to the end of feudal society and to the absolutist state, in which bureaucratic structures attained vast dimensions.

Industrial civilization has made it necessary that there be, from now on, vast organizations in the economic system as well. These large organizations with an extremely complex management have required a bureaucratic structure, the only structure capable of managing such arrays of social activities. Even the most different industrial societies today have a common tendency toward the formation of large bureaucratic organizations, the only way of managing modern productive forces. More or less

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gradually—sometimes radically—these bureaucratic organizations displace all other structures of social relations in wider and wider sectors of social life, until they become the dominant structures. "Without exaggeration," writes Hegedüs, "it can be said that without a sociological conception of the bureaucracy —or more concretely, without an understanding of the essence of the bureaucratic relation which arises inside the management as well as between management and the global society—there cannot be a conception of either capitalism or socialism which conforms to reality."*

It is very difficult to analyze the historical path leading to bureaucratization in Eastern European countries under the politico-cultural conditions of Hungary, where the principal ideas can hardly be made explicit in a public form. In what follows we will attempt to give an overall, though quite incomplete, view of the theory of the historical path of the countries of Eastern Europe, making explicit some ideas which are at times only implicit in the writings on the subject.

One of the characteristics of the School of Budapest is the forceful expression of the idea that it is human beings by their own activity who create themselves as human beings and, as such, create their own history. Human beings and their history are therefore not fatalistically subject to abstract and general laws which exist above concrete struggles among individuals and groups of individuals; it is these struggles which, in the last instance, decide the direction of social change. This idea goes back to the 1920s, not only to Lukacs, but also to Marxist theoreticians such as Gramsci and Karl Korsch. It is expressed today by the School of Budapest in such words as these of Gyorgy Markus:

* It must be noted that what the Hungarian radical Left usually means by "capitalism" is simply those societies where private property in the means of production has been maintained; by "socialism," societies where it has been suppressed. Sometimes, however, one finds the term socialism used in one passage in two very different senses: on the one hand, concrete contemporary societies which call themselves socialist and on the other, societies in the process of human liberation in the Marxist sense. This use of terms facilitates the extremely difficult task of expressing oneself publicly under such conditions as exist in Hungary.

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For the individual as well as for generations, a limited objective space is created by the immediately given conditions, a range (wider or narrower, according to the era) of *alternative possible developments.* The human being chooses in practice among these possibilities; the realization of one or another of these alternatives is decided by the ensemble of human activities—whose causes are innumerable, and often influenced by accidental factors—an ensemble of activities integrated either consciously or unconsciously. The human being is a "responsive being"—to use the words of Lukacs—who always reacts to the alternatives created by social development, and who is capable of transforming its spontaneously contradictory tendencies into questions the answers to which he or she consciously seeks.

In the first years after the October Revolution, there were in general three alternative paths of development.

The first was that of the Trotsky of the first post-October years (radically different from the later Trotsky!). This alternative proposed the construction of a network of centralized, monolithic, absolutist management apparatuses that would be out of the control of the workers. It is this alternative that Stalin later put into practice, and of which the majority of Eastern European countries still maintain the essential traits, even if in a less extreme and more moderate fashion than in the Stalinist era. In light of the backwardness and encirclement of the young Soviet republic, the task of maximizing the quantitative growth of the economy took priority; all the tasks of humanization and improving the quality of social relations were put in second place. Accelerated growth required bureaucratic apparatuses of societal management (economic, political, social, etc.). These stably structured apparatuses were, in this view, identified with the general social goal of growth and were said to have no particular interests of their own.

The second alternative, which was formulated in the first years after the Russian Revolution, was that of the "Workers' Opposition." The latter demanded that, at every level of economic management, those in charge (from foreman to People's Commissar) be elected by the workers or by the unions as the representatives of the workers. This demand for the "syndicalization of the state" (as opposed to the demand for the "statification of the unions," the previously mentioned alternative) did

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not take into consideration questions concerning bureaucratization of the union apparatuses. This tendency toward bureaucratization would only have been reinforced by the considerable expansion of functions entailed by the syndicalization of the state and the economy. This second alternative was taken up, often in a deformed manner, by the Yugoslavs after 1948.

The third alternative, that which the Hungarian radical Left is trying to elaborate in theory, takes into account the lessons of the previous two alternatives. Here we come to a fundamental question, to which the Hungarian radical sociologists have been able—in our opinion—to bring new answers. These answers can contribute to overcoming many illusions the objective role of which is, in fact, nothing more than serving the interests of certain groups in the bureaucracy.

First of all, it is necessary to recognize the enormous sociohistorical importance of the bureaucratic structure. Next, it is necessary to recognize the limits of the inevitability of, and necessity for, the bureaucracy. Then there must be elaborated a plan for effective popular control over the bureaucratic structures. Finally, the problem of transcending these bureaucratic structures must be posed.

The new alternative for social development, based on the Marxian system of values, will be based on socio-economic conditions largely unforeseen by Marx. This alternative is described by Hegedüs as follows:

> *On the one hand*, we recognize that management by specialized apparatuses of, let us say, all the important spheres of social life is a more rapid and efficient solution than would be provided by lay management. As a result, social development in the current stages has as an inevitable result the creation of specialized management apparatuses with their own interests, goals, and powers.
>
> *On the other hand*, the specialized management apparatuses inevitably favor the development of particular interests contrary to the interests of society at large. There appears with the particular interests, moreover, an inevitable claim to uncontrollable power. In any case, this plan considers necessary the creation of effective social subordination to which these organs of specialized management must be submitted. In other words, there must be constructed mechanisms of social *domination* over the *power* of the specialized management. Marx considered a society devoid of

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domination to be an *ultimate* goal, which however can only be reached if power no longer exists. As long as this state of affairs does not exist, an institutional social domination is necessary. Today a real power is concentrated in the hands of the specialized management apparatuses. From the incontrollability of these powers results a vast series of dangers, of negative phenomena. These can be eliminated or limited only by means of an effective social control. The gravity of these problems is increased by the fact that (under the two alternatives cited for socialist development), in the most diverse spheres and levels of social life, there are being formed increasingly stable apparatuses which are monopolizing the knowledge of management techniques and which are learning ever more "refined" socio-psycho-technical methods for shaping human behavior.

The preferred alternative, adds Hegedüs, is to be found already in germ in the thoughts of Lenin in the early 1920s, although it was not clearly formulated. In the then existing situation, Lenin advocated a stable and effective management against which the workers would be able to defend themselves and over which workers' control would be possible and desirable. This was proposed with a perspective of more and more powerful control by the workers, until most of them would be capable, by reason of their advanced culture and their greater and greater managerial skill, of going beyond simple control toward active and direct participation in the management of society, making unnecessary those professionals who monopolize the practice and theory of management.

In a more recent study, Hegedüs and Markus re-examine from a slightly different point of view, with a slightly more abstract typology, the tendencies in the development of the so-called socialist societies of Eastern Europe. "At least two principal tendencies of development (trends) concerning ideas on the future and on alternatives for progress can be observed in the countries of Eastern Europe." The first model, which exercises a strong influence through official channels, is the "statist model." This extrapolates the present structures into the future. Even if it is able and sometimes forced to adapt to some changes, it is not a dynamic model in reality. Modernization, even if interpreted in the most strict sense, presupposes that the system is not only continually changing, but also that it

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should be capable of changes that go beyond its institutional limits. This model arose in the period of extensive growth and scarcity of goods. At the same time, it identifies socialism with the forms and solutions born in this epoch. That is why it has been particularly criticized in the countries where intensive growth has replaced extensive growth. These critiques have been expressed as the need for reforms (in particular, reforms of the economic system). "Nevertheless, these reforms in most cases . . . have not gone beyond attempts to modernize old solutions."

The second alternative, that of the "principal path," proclaims "directly or indirectly the idea that the countries of Eastern Europe should essentially follow in general the principal path of the advanced (Western) countries. According to this conception, the degree of economic development will strictly determine the way of life, the needs, the structure of production and consumption, the forms of control and organization, etc."

The discussion between the adherents of the two models is primarily centered on the role of market relations in the spheres of production and consumption and on the question of control, of regulation of economic life. Advocates of the "principal path" consider the statist model inefficient and non-dynamic.

> They consider the principal motivational force for production to be the interest in profit which is implicit in the market; the market is therefore the only path for dynamic development. They consider the development of market relations to be the only way to decentralization and, to a certain point, the democratization of the state's administrative power in the control of production. According to them, this decentralization and democratization would enlarge the liberty of choice in personal consumption, which will exercise a positive effect on production.

This argument can only be reinforced by the fact that the rate of growth in the countries of Western Europe has approached that of the countries of Eastern Europe, where growth has slowed down.

Certainly this latter alternative carries many solutions to the problems which the "statist" alternative has created—problems due to the scarcity of goods caused by economic irrationality, to restrictions on the individual's freedom of move-

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ment, to ways of life imposed in an authoritarian way, etc. Nevertheless, this second alternative—in introducing models of behavior and of consumption from more advanced societies and in accentuating material differences between diverse social groups—will not advance the welfare of the masses, even though the masses may have a strong attraction to it.

3. Toward a Revolution in the Way of Life, Toward a New Society

There is in Marx a fundamental value whose explication is essential for the revolutionary project of the Hungarian New Left. The Hungarian philosopher Agnes Heller writes:

> *Marx had a fundamental and universal value* (there are axioms of universal value) from which one can scientifically deduce all the other moral values and value judgments. This fundamental value is a category of ontological primacy (which cannot be deduced empirically from other categories), the category of "wealth." What is "wealth"? *It is the multilateral expansion of the essential forces of humanity.* The first value axiom is that all that favors the enrichment of the fundamental forces of the species is valuable. The second value axiom is that the supreme value is that the wealth of the species becomes subject to appropriation *by individuals.* It is from these two basic axioms that Marx deduces all values.

For the radical Hungarian Left, one of the two fundamental problems of current social progress is that of the formation of a new humanized form of life (not to be confused with the expression "humanization," which is used also by Human Relations and other similar theories) in which it will be possible for the individual to develop in a multilateral way. This new way of life should permit individuals to decide their own existence on the basis of a conscious choice of values.

The Hungarian radical sociologists are opting for an alternative which would be realized by a large mass movement, the goal of which would not be the more or less costly substitution of one power elite for another, or one dominant clique for another. The result of such a substitution would, in the final analysis, be equivalent to what exists now: the bureaucrats would have been replaced by workers and intellectuals who would themselves inevitably become bureaucrats. *The aim of this social movement is therefore not to appropriate the functions of*

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the bureaucracy, but to place these functions under the effective control of the masses. The final goal will therefore be a general process of "humanization" of the conditions of existence and social relations, processes which will be in strict symbiosis with the processes by which human beings take part in an active and continuing way in the direction and formation of social life (not only at the time of great social explosions, as has been the case up until now in human history). From the point of view of social progress, and particularly for the question of the multilateral development of individuals, "the principal problem is whether or not it is possible to transcend, and if so how, the tendencies towards 'thingification' of 'mass consumption' societies, which limit the liberty of the individual in essence to the choice among 'things' which are at hand, to the choice among different commodities; and whether or not there can be created forms of community which stimulate the development of individuals and orient them toward the values of humanization."

This way of life, formed during a process of struggle for "humanization" and for "social domination," is practically nonexistent in the European so-called socialist countries, where the way of life which is called the "consumer society" appears today as "the most attractive model for a large part of society, a model whose influence is reinforced by the fact that neither in theory nor in practice are there being created new forms of society which realize socialist values." Even if the model of the "principal path" can "assure more comfortable conditions of life for the population . . . it can also give birth to a society which is essentially oriented toward profit, an acquisitive society."

In the development of human personality, labor plays a fundamental role. Today, practically all people spend a part of their life working. Their work, their place in the social division of labor—more than the presence or absence of juridical property rights—today determines fundamentally their place in the structure of society, and therefore their systems of values, their interests, their ways of life, their tastes, their aspirations; in sum, their lives. Labor in contemporary society is alienated labor; the social division of labor prevents the majority of individuals from developing their personalities through labor and

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from controlling the processes of production and social development. According to certain conceptions, the multilateral development of the human personality of individuals can be achieved outside of work without radical changes in work and its organization. But Markus and Hegedüs demonstrate sociologically that "free time and the mode of labor are in strict correspondence, and therefore it is impossible to bring about fundamental changes in one of these spheres without affecting the other." Thus the simple augmentation of "free time," i.e., non-working time, will not lead to results of the same magnitude as have been realized up until now. "Experience (free of illusions) and sociological research demonstrate that the increase of non-labor time *will not in itself change the way of life,* that at best it will make possible the lengthening or the introduction of certain types of activities which will serve to satisfy those needs which are most intense within the given way of life." How can one eliminate or at least diminish the lifelong, exclusive connection of the individual to a particular job? According to the authors, there must be an academic system and an organization of labor "that does not fix the place of individuals in the division of labor for all their lives, but which orients them toward the search for themselves, creating conditions that are favorable to *the workers, at some moment in their lives, changing their specialty, their sphere of activity.*"

We have now arrived at a fundamental problem in the dialectical negation of the bureaucratic society: Will its negation also be a negation of what Marx and Engels called a class society? That is to say, a *dichotomous* society, because it is its *dichotomous division of labor* (some manage, the majority carry out their orders; the former profit from the system and shape social relations according to their particular interests) which is in the last instance at the base of its division into groups between which social conflict is permanent and (structurally) necessary. Unfortunately, in the anti-bureaucratic perspective of the Hungarian radical sociologists, this theme now appears only in a very embryonic form, and its importance is underestimated. *The revolution in the division of labor which must accompany the suppression of the monopoly of management (which is char-*

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acteristic not only of bureaucratic societies, but of all dichotomous societies) is the only basis for the successful carrying out of the process of "social domination" and of "humanization" of social relations. As long as this dichotomy exists, there can only exist more or less what Alain Touraine calls "dependent participation." It is on this question (which is moreover as yet very little developed in the theory of the radical Left in general) that the author of the present article has most reservations concerning the revolutionary perspective of the sociologists in question. This perspective appears to be too optimistic regarding possibilities for workers' control over bureaucratic apparatuses in general (and also over apparatuses that are no less bureaucratic—even very representative unions, political organizations, etc.—which must control the other apparatuses, a control which is an extensive and complex task and which requires therefore a bureaucratic structure also) in the conditions of a society which, no matter how democratic its institutions, remains dichotomous. At the same time, I believe that Hegedüs's study, *Free Time and the Division of Labor,* constitutes a first step toward a solution of the problem of finding a firm base for the project of "social domination."

4. The Question of the Family

The philosophers Agnes Heller and Mihaly Vajda write that one of the important questions in a revolution in the way of life is without doubt the question of the family. One of the essential functions of the family in the alienated social relations of today is that of preparing new generations for tensionless integration into society; that is to say, of producing the type of personality which will be adequate for the conditions of alienated society.

The revolution in daily life is in strict correspondence with that in the forms of the family or relation between the sexes in general. At the same time, it is possible that the revolution in the form of the family (and in daily life) will begin before there are radical changes in the larger society. This is already a fact for many young people who reject the way of life oriented toward power, prestige, conformism, acquisition, etc.,

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of the type their parents led. These young people also reject the "bourgeois monogamous family" by forming communes, which demonstrate the need for a new way of life.

The Hungarian authorities attack these demonstrations of discontent with the dominant way of life, and the Hungarian youth—relatively freer than those of their "brother" countries—have many difficulties with the authorities regarding these attempts.

Heller and Vajda see no solution in the proposed alternative (proposed in a very inconsistent way by the established powers) of collectivization, "industrialization," and the education of children. That, they say, would impoverish human relations. Neither this alternative nor the monogamous family will advance "social domination" or the expansion of the personality of individuals. It will be the commune, the heir of the bourgeois family, which will serve these aims, not as an economic or political community but as a "center for the organization of daily coexistence." The commune educates the new generation while forming democratic personality types who will not accept without struggle any form of oppression, who are not oriented towards unconditional obedience, who are capable of critical and conscious choices. "The children of the commune will *never* find it natural that they have no say in the fashioning of their own fate and, at the same time, they will never aspire to the oppression of others," things they quickly learn to do within the nuclear and authoritarian family. It will become possible for human relations to become freer in making choices and less influenced by routine. The child will not be obliged to love certain persons (biological parents, for example), but will choose the persons whom he or she loves, and vice versa. As for models of sexual relations, it will be the members of the commune who will choose, free of all prejudice and counter-prejudice (which is in turn a prejudice). Also from the point of view of women, the commune appears to be the only remedy for a situation which, even if many (but not all) juridical obstacles have been eliminated, has still not suppressed the division of labor among the sexes, which is in the last instance the final obstacle to the equality of opportunity among

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the sexes. The suppression of such inequality is thereby linked to the suppression of inequality in the whole of society; any radical solution for the one is interdependently a radical solution for the other.

Although very new, the social critique of the Hungarian New Left is already full enough to permit all its important themes to be developed. Here we have been concerned with making known some of the most important and immediately relevant of these themes.

In that desert which is the so-called socialist society of Eastern Europe, the birth of a radical-left critique provides the only hope that Marxist values and practices will undergo a real rebirth after their death, or rather, after their long prostitution to the ironies of the history of dichotomous structures. In our Western advanced and pluralistic societies, the social dynamic depends increasingly on the critique of this New Left which has broken with the "Marxism" of the bureaucrats (a New Left which is the only force really interested, in theory and in practice, in going to the root of social contradictions). In the societies of Eastern Europe, by contrast, the authorities, instead of profiting (in the interests of the bureaucrats) from some of the lessons of this critique, prefer to silence it brutally. Are these societies in the process of condemning themselves to a stagnation in the qualitative development of social life relative to the advanced Western societies which are permeated by theoretical and practical dispute? Is Eastern Europe in the process of becoming again the "nest of European reaction," as someone (Marx) said a century ago?

For whatever profession, your inner devotion to the tasks you have set yourself must be so deep that you can never be deflected from your aim. However often the thread may be torn out of your hands, you must develop enough patience to wind it up again and again.

As if you were going to live forever and cast your plans way ahead. By this I mean that you must feel responsible without time limitation, and the consideration whether you may or may not be around to see the results should never enter your thoughts. If your contribution has been vital, there will always be somebody to pick up where you left off, and that will be your claim to immortality.

—Walter Gropius, in a letter to high school students

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BUKHARINISM VS. TROTSKYISM

By Tamara Deutscher

Bukharin and the Bolshevik Revolution; A Political Biography by Stephen F. Cohen. Alfred A. Knopf, New York, 1973, $15.

"Bukharin is not only the party's most valuable and biggest theoretician, he is also rightly considered the favorite of the whole party; but his theoretical views can only with very great doubt be regarded as fully Marxist, for there is something scholastic in them (he has never studied and, I think, never fully understood dialectics)." This is how Lenin in his "Testament," written on December 24, 1922, described one of the most prominent Soviet revolutionaries and one of the main architects of the Soviet state.

Lenin's "Testament" remained concealed from the Soviet people for over 30 years. But even after it had been made available and included in the 45th volume of the *Collected Works* in 1958, Bukharinism still remained an object of opprobrium in the USSR. Only at the end of 1962 was Bukharin himself officially cleared of the charge of having been a spy and a terrorist. And still, despite Lenin's attestation, he is considered an "anti-party pseudo-Bolshevik" who had engaged in anti-Leninist activities.

But even in the West, his grisly trial and tragic death had to

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Tamara Deutscher, a frequent contributor to *New Left Review, Times Literary Supplement* and *Ramparts,* edited Isaac Deutscher's posthumously published works, as well as a Lenin anthology, *Not By Politics Alone.*

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be 40 years in the past before Bukharin found a biographer able to present on an adequate scale his political and theoretical development. Perhaps this period of time has been necessary in order to produce a generation of scholars of the Left completely free from any Stalinist taint, yet sympathetic to Bukharin's ideas. Indeed, Stephen Cohen seems to consider himself something of an anti-Stalinist communist or near-communist of a non-revolutionary type. Moreover, he is well equipped and well qualified to perform his task: he knows Russian well, is familiar with the period, and obtained access to a rich variety of sources; he writes well, and his narrative runs smoothly; he sees Bukharin, quite rightly, as an engaging, warm personality, deservedly "the favorite of the whole party," not too complex, with nothing of the hardness of the "Bolshevik doctrinaire" so much disliked by the American liberals, but on the contrary rather "soft as wax," as Lenin once disparagingly remarked.

Bukharin joined the party on the eve of the 1905 revolution; in 1907 he was active at the national congress of Social Democratic students to which the post-1917 Komsomol traced its ancestry; at the age of 20 he sat on the Moscow committee of the party. In 1911, at the age of 23, he left Russia and spent most of the time in Vienna, attracted by the highly theoretical school of Austro-Marxists. He was never close to Lenin's group in London or Geneva, a group which Cohen quite gratuitously calls an "obsequious coterie."

Already before 1917 (that is, before he was 30), Bukharin had to his credit several much discussed theoretical works, the main one being *Imperialism and World Economy,* a Hilferdingian restatement of imperialism as the foreign policy of finance capital. In his endeavor to present Bukharin as the prophet of the future post-capitalist society "with an even more cruel form of exploitation" than capitalism, Cohen reads with hindsight into Bukharin's early theoretical writings forecasts of a "totalitarian state," pointing to a "basic 20th-century development" as well as to a "compelling explanation of why capitalism failed to collapse."

Cohen valiantly tries to analyze other theoretical works by Bukharin and devotes one full and illuminating chapter to his *Historical Materialism.* His task is not easy, because Bukharin's rich and volatile mind threw out a wealth of seminal ideas, many of them conceived under the pressure of a political or economic crisis, and quite often inconsistent and contradictory. Bukharin's

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burning fervor and zeal, too—qualities attractive in a revolutionary but perhaps less so in a scholar and theoretician—made him veer violently from one extreme to another; and "something scholastic" immediately made him construe a whole theory where a more prudent mind would have been content with a rather more pragmatic approach.

In 1920 his *Economics of the Transition Period* appeared, a theoretical justification of War Communism with its attempt at militarization of labor, absorption of trade unions by the state, forcible requisitioning of agricultural produce, and all the other harsh measures which the country was not prepared to accept in peacetime. Disillusionment, discontent, and bitterness led directly to the Kronstadt rebellion, in which some Bolsheviks fought side by side with anarchists and white guards against the red troops sent to quell the uprising. From this "flash which lit up reality" (the words are Lenin's), the Bolsheviks drew a practical lesson: War Communism was scrapped and replaced by the New Economic Policy, with its mixed economy in which the private sector was to compete freely, on a commercial basis, with the slowly emerging socialist one. How great was the danger of the private enterprise's swamping and engulfing the newborn socialist sector remained a matter of conjecture.

With his customary enthusiasm Bukharin embraced the NEP and went further than any other Bolshevik in proclaiming its virtues. Just as in the *Economics of the Transition Period* he had maintained with the utmost self-assurance that now, with War Communism, "we stand on the right road," so less than two years later he displayed little hesitation in revising some of Bolshevism's, and indeed Marxism's, most basic principles in order to provide an elaborate theory, according to which, "step by step," Russia would "grow into socialism" from NEP.

To Cohen, Soviet Russia in its NEP period was at its most attractive. "Economically, intellectually, and culturally, NEP Russia became a relatively pluralistic society"; NEP fostered "an atmosphere of relaxation in the country" and led, by 1923, to the development of "one of the first modern, mixed economic systems"; thirty years later NEP would commend itself to "Communist reformers as a model of a liberal Communist order, an alternative to Stalinism."

And yet, paradoxically, it was this liberalization of economic policy which drove the Bolsheviks to the establishment of their monopoly of power. What they feared was that, with the newly

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acquired freedom, the urban bourgeoisie and the individualistic peasantry would turn to the still existing anti-Bolshevik organizations to defend their interests. The Bolsheviks were determined that such organizations should cease to exist, at least temporarily. The idea that any opposition must inevitably become the vehicle for counter-revolution had been implanted, and it hardened in the subsequent years. From such a conviction it was only one step to viewing oppositions and factions within the party as almost equally dangerous. Would a frustrated and discontented faction not link up sooner or later with a critical group outside the party? A ban on organized factions within the Bolshevik ranks followed soon after the suppression of all the other parties. Retrospectively, it seems strikingly obvious that this ban would constitute a powerful weapon in the hands of Stalin; and yet it was accepted at the time by all his future opponents: by Trotsky, by Zinoviev and Kamenev, as well as by Bukharin. Unable to organize any concerted action, and unable even to defend themselves, they were all to perish in most tragic circumstances.

Bukharin did not at first "embrace NEP with any sense of its enduring rationality and rightness," but having "defended it apologetically for several months" went further than any of his politburo colleagues in his enthusiasm for it. By 1922, NEP was no longer for him just a strategic retreat but a "solid" and firm path to socialism. Cohen rightly draws the readers' attention to Bukharin's article of 1922 on bourgeois and proletarian revolutions, in which he drastically "revised" some crucial Marxist doctrines and provided a theoretical foundation for a market economy. Lenin was much less "scholastic" and much less concerned with theoretical definitions: what he wanted to impress on the party was simply that "we had advanced too far," that "the transition to purely socialist distribution is beyond our strength," and that the regime must be "able to retreat" and confine itself to "easier tasks." Cohen shows a curious lack of understanding of the Leninist spirit when he declares that 25 years after Bernstein, "Lenin rehabilitated the concept of reformism" and that he "expounded reformism until he died." *Coute que coute,* he is trying to enlist Lenin's help and endorsement for the further evolution of Bukharin away from the Marxist tenet of class struggle. This evolution of the former leader of left Communists, for whom Lenin during the Brest-Litovsk negotiations was not revolutionary enough, into a believer in "cooperation and harmony," "gradualism," and "civil peace" as opposed to "social conflict"—in a

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word, Bukharin's departure from orthodox Marxist definitions—is clearly traced in the book, though the author is aware that the emphasis on this "departure" may indeed cause Bukharin's supporters "some discomfort."

Five years after the revolution, Bukharin came to the conclusion that "class immaturity was not a peculiarity of the Russian proletariat, but a characteristic of proletarian revolutions in general." This disenchantment with the working class led him directly to his pro-peasant policy, which became the hallmark of Bukharinism. Although all Bolshevik leaders proclaimed the "alliance of workers and peasants," none went as far as Bukharin in seeking the salvation of Bolshevism in the Russian countryside. Moreover, having discarded the notion of the class struggle in favor of "harmony" (another historian had called him the Bolshevik Bastiat) and "cooperation," he made no allowance for the conflict of interests between poor and rich peasants, appealing rather to the peasantry at large. With his usual temperament and fervor, Bukharin launched his far-reaching slogan, "Enrich yourselves," reasoning in a highly un-Marxist manner that the wealthier the farmer grew, the wealthier society would grow as a whole. What was astonishing was that he did not differentiate between the rich farmer, the poor farmer, and the farm laborer, and that he overlooked how quickly the rich peasant grew richer at the expense of other classes.

By the end of 1927, Bukharin's agricultural policy lay in ruins. The rich peasants did not voluntarily part with their grain; they did not feed the towns; and famine was again stalking the country. This fiasco also meant Bukharin's complete decline. Stalin had no more need of him and of his theories: nor did he need him as his "duumvir" against the left opposition of Trotsky, Zinoviev, and Kamenev, whom he had already chased out of the party and into political wilderness, prior to sending them into the outer wilderness of exile. Stalin was now firmly in the saddle. Contradicting his own recent statements, he declared that the "kulak was disrupting Soviet economy" and therefore the party must "strike hard" at the kulak. "Harmony and cooperation," gradual "growing into socialism," as well as the "snail's pace" of industrialization advocated by Bukharin, were abruptly discarded. Heresies hitherto attributed to the opposition—anti-peasant policy and demands for more industrialization—were raised to the height of official doctrine and put into practice, but with a ferociousness which made them unrecognizable compared with

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the policies the Left, now defeated, once had recommended in measured and considered terms.

Stalin's turnabout and his method of dealing with the recalcitrant peasantry of course terrified the mild Bukharin. But all his protests were made behind the closed doors of the politburo and so outwardly he shared full responsibility for its policy. Of course Stalin had no scruples in burdening him also with sins he had not committed. There was something pathetic in Bukharin's complaint that his former ally's conversion to "super-industrialization" and drive against the peasantry was "a complete ideological capitulation to Trotskyism."

By the summer of 1928, Bukharin knew he was doomed. He turned for support to Kamenev, in much the same way that Kamenev and Zinoviev had once turned to Trotsky, but it was much too late. The earlier oppositions had at least wrestled with Stalin before they were defeated; Bukharin went down without a struggle. He gave vent to his mood of despondency and panic only in secret private talks with other doomed men; he never came out publicly against the "Genghis Khan" of the General Secretariat. He was dismissed from the leadership of the Communist International where he had replaced Zinoviev and from where he had so recently been chasing out unorthodox foreign Communists; he was kicked out of the politburo; before the fateful year 1929 was out, he recanted his views and promised to conform. Thoroughly humiliated, he still continued to serve Stalin. Allowed to remain in the party, in 1933 he spoke before the Central Committee and again pronounced a *mea culpa*; in 1934 he addressed a party congress, endorsing Stalin's leadership in somewhat cryptic language and appraising critically the latter's foreign policy. In August 1934, he made a three-hour speech at the inaugural Congress of Soviet Writers, the future watchdog of party orthodoxy in literature, sharing the platform with Gorky and Zhdanov. He was appointed chief editor of the government newspaper *Izvestia*; and in 1935 he sat with Stalin, his hangman, and Vyshinsky, his future prosecutor, on the commission charged with preparing the draft of a new constitution. The constitution was adopted in November 1936, several months after the execution of Zinoviev and Kamenev. It was hailed as the Stalin Constitution—"the most democratic in the world." Its chief authors, Radek and Bukharin, were soon to be charged with treason.

The "favorite of the party" was not spared the degrading, heart-breaking, macabre "trial" during which the whole country

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echoed Vyshinsky's demand: "Shoot the mad dogs." On March 13, 1938, Bukharin was condemned and shot.

Like all conscientious biographers, Cohen is anxious to avoid the reproach that he has claimed too much for his protagonist. But what he has done is to mark him up in some respects, and downgrade him in others. By presenting Bukharin, the revolutionary, the socialist thinker, the dextrous theoretician, brilliant orator, and sparkling writer as a precursor of Djilas or Dubcek, he has not enhanced his stature but rather diminished it. Bukharin belonged to the generation of Marxists for whom the fashionable expression "liberal socialism" or "socialism with a human face" would have sounded bizarre: to them socialism was the most humane system of all, and if its "face" was not human then it was not socialism at all.

The attractiveness of Russia under the NEP is greatly exaggerated throughout the volume. (Mayakovsky in *The Bedbug* gives quite a different picture!) Because the author's hopes for the future seem to lie in some "NEP-style order" as the "true prefiguration of the Communist future," he so much emphasizes Bukharin's "reformist gradualism," his belief in the "evolutionary path," his faith in the "molecular process" by which Russia through a market economy was to "grow slowly into" socialism, that Bukharin the revolutionary vanishes, and we are left with a wraith-like social democrat who prays: God give us socialism but not in our time. Bukharin's "theoretical views can only with very great doubt be regarded as fully Marxist," said Lenin. As Cohen analyzes them, they look positively un-Marxist.

The scholasticism of Bukharin's mind, which Lenin also mentioned, consisted in his propensity to provide a theory, a doctrine, to justify every political move, no matter how temporary or how much determined by the needs of a passing *Konjunktur*. Of course, Stalin exploited Bukharin's status as a theoretician for his own ends: "There was . . . a rough division of labor between Bukharin and Stalin, between policy formulation and theory on one side and organizational muscle on the other. . . . As an ideological warrior, he was indispensable" to Stalin so long as the opposition was not destroyed: who on Stalin's side could match brains with men like Trotsky or Preobrazhensky or talents like those of Smilga, Kamenev, or Radek? In his struggle with the Left, Stalin countered the Trotskyist theory of "permanent revolution" by putting forward his "socialism in one country," says

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Cohen. But even this doctrine, so uncongenial to Bukharin's deep internationalist convictions, was promptly "turned [by Bukharin] into a theory." Here again Cohen makes a vain effort to exonerate his hero by suggesting that the logic of the new doctrine could be traced to the October coup, and its "legitimate paternity" to some of Lenin's articles written in his "reformist" period. No, this won't do. The art of writing history lies precisely in the historian's ability to feel himself into the spirit of the epoch, into the psychological and mental makeup of its *dramatis personae* and to have enough insight to appraise not the dead letter but the living thought.

But Cohen sins most in claiming too much for his hero when he tries to convince us that it was Bukharin's "vision and leadership," rather than Trotsky's, that presented the weightiest challenge to Stalin and Stalinism. We might here profitably turn to the opinion of such an "uncommitted" historian as E. H. Carr who, in an article in the *Times Literary Supplement,* wrote:

> It would be difficult to think of a more fantastic claim. Trotsky had faults of temperament, and made serious errors of judgment. His shortcomings as a political leader may have been as great as those of Bukharin, though of a totally different kind. But on one point his credentials are beyond cavil or challenge. From the moment of Stalin's rise to power till the moment of his own assassination . . . one theme, one obsession, pervaded and colored everything that he did and wrote. He was the supreme adversary of Stalin and everything Stalin stood for.

And further: "For the three or four crucial years when Stalin was building his impregnable hold over the party and the state and beating down the opposition, Bukharin was his zealous henchman." Not that Cohen conceals the help Bukharin rendered Stalin in "beating down the opposition"; he tries not to present Bukharin in this respect as more virtuous than he was. Indeed, it redeems the author somewhat that he himself is shocked from time to time by Bukharin's "outrageously demagogic passages" in his attacks on the opposition, and he feels that Trotsky, Preobrazhensky, Radek, Rakovsky, Smilga, and a host of other oppositionists would indeed have been Bukharin's more "natural allies" rather than Stalin. Yet he treats them with an inadmissible contempt or, at best, with condescension. Even in his choice of epithets and adjectives he betrays a curious and irrational dislike of anyone who, in the eyes of posterity, may have a better title than his hero to being called the most important "protagonist,

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symbolic figure, and victim" of anti-Stalinism. Whatever opinion one holds of Zinoviev and Kamenev and their roles, in view of the immensity of their tragedy it is in bad taste, to say the least, to contrast their "grovelling on the cellar floor and weeping for mercy" with Bukharin's behavior in the dock which, we are told, "may fairly be called his finest hour."

Many years of conscientious work went into the writing of Cohen's impressive volume; he has studied many sources and produced for future scholars a valuable contribution to the knowledge of revolutionary Russia and to the understanding and vindication of one of its great figures. Perhaps Cohen would have avoided some pitfalls in writing the book had he allowed himself to be guided by the inner logic of his hero's character, of his *Weltanschauung* and his activities, instead of setting himself *a priori* the formalistic task to "revise the customary interpretation which views the Bolshevik revolution after Lenin chiefly in terms of a Stalin-Trotsky rivalry," and to "suggest" (a little too insistently) that "by the mid-twenties Bukharin" and Bukharinism "were more important in Bolshevik politics and thinking than Trotsky or Trotskyism." This highly controversial conclusion destroys the impression of impartiality which Cohen, by his meticulous collection of evidence, has sought to create.

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CORRESPONDENCE

A ROSE BY ANY OTHER NAME

BY ANNETTE T. RUBINSTEIN

Last fall on my way to a term as guest lecturer at Karl Marx University in Leipzig I made a two-day stopover in Amsterdam, and among other sightseeing expeditions paid a visit to the largest flower market in the world. It provided the best epitome imaginable of the fantastic efficiency of monopoly capitalism, combined with its fantastic waste. I thought MR and its readers might be interested in a brief account of this institution.

Physically it is a well-constructed two-story building with a concrete floor almost covered by rails, over 17 acres in area. The second story consists of three large auction rooms connected by runways which overlook the ground floor. It is surrounded by miles of greenhouses, many of which are now, however, out of use. The increased price of fuel oil has made it cheaper to grow tropical flowers in the Dutch East Indies or Africa and fly them back home to auction at this cut-flower center. The wholesalers who buy them here immediately have them reshipped from the same nearby airport to West Germany, England, the United States, etc.

Over ¾ of a million dollars worth are sold here every morning between the hours of 8 and 11 A.M., but many more flowers are actually delivered to the auction rooms between 4 and 7 A.M. The

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Annette Rubinstein is the author of *The Great Tradition in English Literature.*

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great bulk are roses and carnations, which are auctioned in the first two salesrooms (divided by quality); there are also huge quantities of orchids and other flowers offered in the third room.

The growers bringing in their truckloads set a "reserve price" per bunch or per dozen. This minimum is kept a close secret in the auction rooms, where the flowers are sold with incredible rapidity through an extraordinary and ingenious reverse-bidding mechanism.

Each auction room is dominated by an enormous clock, the face of which is marked in guilders from 100 down to 0, with its hand initially set at the maximum amount. There are some 200 fixed seats which belong to members (like seats on the stock exchange), and each is fitted with an electric button. When pressed, this button lights a number—that of the seatholder—on the clock and constitutes a bid.

The auctioneer holds up a bunch of flowers, announcing how many hundreds or thousands of such bunches are included in the lot being offered. Immediately the hand of the clock moves with great rapidity down from the top price toward zero, with less than a second's pause at each amount. The first buyer to flash his number on the face of the clock by pushing his button gets the lot at the price then indicated. The tension is, of course, terrific as each waits as long as he dares, torn between the desire to buy as cheaply as possible and the fear that some competitor will get the lot at a price he would be willing to pay.

The tension increases as the hand moves down, for if it passes the reserve price—which no one in the room but the auctioneer knows—no bids are accepted and the flowers in that lot are destroyed. They are ground up for fertilizer—"for the good of the market," the very knowledgeable guide explained in just the same tone as she had told us the building was kept so cold "for the good of the flowers." She was clearly puzzled when I commented on this strange necessity and assured me it was not at all strange. Exactly the same thing was done at fruit, vegetable, and fish auctions if the reserve price was not bid before it had been passed, although there the producers did get a certain minimum payment, the cost of which was borne by the auction cooperative.

All the flowers had, at the beginning of the auctions, been loaded on small open freight cars which, set on the proper rails, went automatically to various packing points or to the "chopping-up" room. Those which had been purchased were, of course, im-

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mediately dispatched to the airport and might well be in the United States ten or twelve hours later.

It seems almost too pat a comment on the transformation of goods into commodities to quote our guide's reply to someone's question as to why, standing on an open runway above hundreds of truckloads of roses and carnations, we could smell nothing. She said, "Oh, when flowers are grown in hothouses and packed cold for the market they lose all their fragrance."

PAVEMENT-DWELLERS

By Bina Agarwal

You say they clutter the roadside likes flies
amidst the filth heaped with human cries
and spread smallpox.

You take vaccine for fear your golden faces
may lose their glitter and leave traces
of common experience.

Does it immunize you too against the stench
of your golden bodies and wrench
no empathy?

Can they contain the contagious dust
within illusory walls, or cover the crusts
of scars with shreds?

They you say are the sole criminals
of their condition.
Who of yours?

Bina Agarwal is a doctoral candidate in economics at the Institute of Economic Growth, University of Delhi.

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(*Continued from inside front cover*)
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Dr. Haydée Alarcón is a distinguished Chilean dentist who attended the University of Pennsylvania. When the Spanish-language edition of MR was forced to move from Buenos Aires to Santiago in 1967, she was one of the group who took responsibility for ensuring continued publication, doing much of the translating work herself and checking the translations of others. When the Allende government took office in 1970, she threw herself with her usual enthusiasm into its greatly expanded health programs, serving in the Ministry of Health, teaching at the University, and organizing a project which became well known in Chile, a Health Train which traveled all over the country bringing health education and services to remote areas hitherto largely deprived of modern medical facilities. Those of us at MR who visited Chile during the Allende years got to know her well and to value her as a wonderful human being. It therefore came as a specially grievous shock to learn that she has been arrested and thrown into Dos Alamos prison by the U.S.-backed military dictatorship which is now committing genocide against its own people (see the note by Michel Chossudovsky beginning on p. 14 of this issue). Fortunately, it has been proven beyond any possibility of doubt that public pressure from outside Chile, and especially from the United States, does have an effect on these heartless but public relations-conscious tyrants. We urge all of you to join in protesting the arrest and imprisonment of Haydée Alarcón, and demanding her immediate release. It would be particularly appropriate and effective if there were a large number of such protests from health workers, individually and organizationally, as well as from faculty members and students at the University of Pennsylvania. Letters and telegrams of protest should be addressed to: (1) Dr. Alberto Spoerer, Ministerio de Salud Pública, Monjitas 689, Santiago; (2) Dr. Hugo Silvestrini, Presidente del Colegio Médico de Chile, Esmeralda 678, Santiago; and (3) Chilean Embassy, 1736 Massachusetts Ave., Washington, D.C. 20036.

The comrades who are editing and publishing the Greek-language edition of MR in Athens have informed us, as of mid-February, that two issues have appeared. The first, published in January, sold about 2,200 copies. "We are pleased with this," they write, "considering that we were able to do relatively little advertising. The reception of the Greek edition was truly warm. People constantly spoke in terms of 'this is the kind of journal we have been waiting for.' The largest financial periodical in Greece announced our appearance in its 'new periodicals' column. It sold well in university circles. The translations in the first issue ranged from average to excellent and are better in the second." North American subscriptions ($12 for a year, $6 for six months, payable by international money order) are available. Write to Monthly Review Greek Edition, Sp. Trikoupis 11, Athens.

Sam Bowles and Herb Gintis, authors of "Class Power and Alienated Labor" in last month's MR, ask us to inform readers that their forthcoming book, referred to in that article, will be entitled *Schooling in Capitalist America: Educational Reform and the Contradictions of Economic Life*. It is to be published in the near future by Basic Books.

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